

## **BILL ANALYSIS**

S.B. 914  
By: Williams  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Liberty Lakes Fresh Water Supply District No. 1 of Liberty County was originally created by order of the Liberty County Commissioners Court on October 28, 2008, as a fresh water supply district with the powers of water, sewer, and roads. The district contains approximately 18,135 acres in Liberty County.

S.B. 914 provides the district with drainage powers and the power to subdivide and annex adjacent land. In addition, it allows a qualified voter of the district or an owner of land subject to taxation in the district to serve as a member of the district's board of directors.

### **RULEMAKING AUTHORITY**

It is the Committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Provides that the name of Liberty Lakes Fresh Water Supply District No. 1 of Liberty County is changed to Liberty Lakes Fresh Water Supply District No. 1 (district).

SECTION 2. Amends Subtitle B, Title 6, Special District Local Laws Code, by adding Chapter 6908, as follows:

#### CHAPTER 6908. LIBERTY LAKES FRESH WATER SUPPLY DISTRICT NO. 1

##### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6908.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 6908.002. NATURE OF DISTRICT. Provides that the district is a fresh water supply district created under and essential to accomplish the purposes of Section 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds), Article III, and Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI, Texas Constitution.

Sec. 6908.003. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. Provides that all land and other property in the district will benefit from the improvements and services to be provided by the district.

[Reserves Sections 6908.004-6908.050 for expansion.]

##### SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 6908.051. GOVERNING BODY; TERMS. (a) Provides that the district is governed by a board of five elected directors.

(b) Provides that directors serve staggered four-year terms.

Sec. 6908.052. QUALIFICATIONS. Requires a person, to be qualified to serve as director, to be at least 18 years of age; a resident of this state; and an owner of land subject to taxation in the district or a qualified voter of the district.

[Reserves Sections 6908.053-6908.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 6908.101. GENERAL POWERS AND DUTIES. Provides that the district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 6908.102. FRESH WATER SUPPLY DISTRICT POWERS AND DUTIES. Provides that the district has the powers and duties provided by the general law of this state applicable to fresh water supply districts created under Section 59, Article XVI, Texas Constitution, including Chapters 49 (Provisions Applicable to All Districts) and 53 (Fresh Water Supply Districts), Water Code.

Sec. 6908.103. AUTHORITY FOR DRAINAGE PROJECTS. Authorizes the district to purchase, construct, acquire, own, operate, maintain, repair, or improve all works, improvements, facilities, plants, equipment, and appliances necessary to gather, conduct, divert, and control local stormwater or other local harmful excess of water in the district.

Sec. 6908.104. DIVISION OF DISTRICT. (a) Authorizes the district to be divided into two or more new districts only if the district has no outstanding bonded debt, and is not imposing ad valorem taxes.

(b) Provides that this chapter applies to any new district created by the division of the district, and a new district has all the powers and duties of the district.

(c) Prohibits any new district created by the division of the district, at the time the new district is created, from containing any land outside the territory of the district as it existed on the date the district was created.

(d) Authorizes the board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, to adopt an order dividing the district.

(e) Authorizes the board to adopt an order dividing the district before or after the date the board holds an election to confirm the district's creation.

(f) Requires that an order dividing the district name each new district; include the metes and bounds description of the territory of each new district; appoint temporary directors for each new district; and provide for the division of assets and liabilities between or among the new districts.

(g) Requires the district, on or before the 30th day after the date of adoption of an order dividing the district, to file the order with the Texas Commission on Environmental Quality (TCEQ) and record the order in the real property records of each county in which the district is located.

(h) Requires that any new district created by the division of the district hold a confirmation and directors' election as provided by Section 49.102 (Confirmation and Director Election), Water Code.

(i) Provides that municipal consent to the creation of the district and to the inclusion of land in the district acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

(j) Requires any new district created by the division of the district to hold an election as required by this chapter to obtain voter approval before the district is

authorized to impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

Sec. 6908.105. **ADDITION OF LAND.** Authorizes land that is adjacent to the district to be added to the district in the manner provided by and in accordance with the requirements of Subchapter J (Annexation or Exclusion of Land), Chapter 49, Water Code, whether or not the land is located in the same county.

[Reserves Sections 6908.106-6908.150 for expansion.]

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 6908.151. **ELECTIONS REGARDING TAXES OR BONDS.** (a) Authorizes the district to issue, without an election, bonds and other obligations secured by revenue other than ad valorem taxes, or contract payments described by Section 6908.153.

(b) Requires the district to hold an election in the manner provided by Chapters 49 and 53, Water Code, to obtain voter approval before the district is authorized to impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) Prohibits the district from issuing bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

Sec. 6908.152. **OPERATION AND MAINTENANCE TAX.** (a) Authorizes the district, if authorized at an election held under Section 6908.151, to impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107 (Operation and Maintenance Tax), Water Code.

(b) Requires the board to determine the tax rate. Prohibits the rate from exceeding the rate approved at the election.

Sec. 6908.153. **CONTRACT TAXES.** (a) Authorizes the district, in accordance with Section 49.108 (Contract Elections), Water Code, to impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

(b) Authorizes a contract approved by the district voters to contain a provision stating that the contract is authorized to be modified or amended by the board without further voter approval.

Sec. 6908.154. **TAX ASSESSOR AND COLLECTOR.** Provides that Sections 53.072-53.075 (relating to the qualifications, term, and salary of a tax of assessor and collector), Water Code, do not apply to the district. Authorizes the board to employ or contract with a tax assessor and collector for the district as provided by Chapter 49, Water Code.

[Reserves Sections 6908.155-6908.200 for expansion.]

#### SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 6908.201. **AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS.** Authorizes the district to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources, to pay for any authorized district purpose.

Sec. 6908.202. **TAXES FOR BONDS.** Requires the board, at the time the district issues bonds payable wholly or partly from ad valorem taxes, to provide for the annual imposition of a continuing direct ad valorem tax, without limit as to rate or amount, while all or part of the bonds are outstanding as required and in the manner provided by Section 53.188 (Levy of Taxes), Water Code.

Sec. 6908.203. BONDS FOR ROAD PROJECTS. Prohibits the total principal amount of bonds or other obligations issued or incurred to finance road projects and payable from ad valorem taxes, at the time of issuance, from exceeding one-fourth of the assessed value of the real property in the district.

SECTION 3. Sets forth legislative findings regarding the fulfillment of procedural requirements with respect to the notice, introduction, and passage of this Act.

SECTION 4. Provides the effective date of this Act.

**EFFECTIVE DATE**

This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.